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## SUMMARY

### World and United Kingdom

The general picture is one of a faltering recovery, the consequence in many countries of an excessive depression of aggregate demand by monetary, fiscal and incomes policies. Only in the United States has there been a strong revival of business fixed investment. There, the recovery appears to be reasonably well established, and the rate of growth of total output is expected to be of the order of 5% annually in both 1977 and 1978.

In the United Kingdom, the strengthening of the external value of the pound together with falling interest rates and rising share prices indicates that North Sea oil production is making itself felt on the balance of payments. It is yet to have an effect on production and investment elsewhere in the economy. Output remains stagnant and unemployment shows no sign of diminishing.

It is widely expected that the government will announce measures to reflate aggregate demand within the next month. Whether these will act fast enough to alleviate the serious position of the construction industry, or whether they will ultimately strengthen the long-run productive capacity of the economy remains to be seen.

### Scotland

The available statistics continue to support the view that, as far as output is concerned, Scotland has fared less badly than the United Kingdom as a whole during the present recession. We anticipate that this relative improvement in output will continue through most of 1978, without taking into account the value added by North Sea oil production.

However, it seems likely that the seasonally adjusted level of unemployment will continue to rise. By March 1978, we expect that figure to be around 185,000 implying an actual level of unemployment for that month of around 200,000. Indeed we think it likely that the 200,000 mark may be reached by January 1978.

Although the most recent figures show a substantial decline in Scotland's output performance relative to the UK, we anticipate that production in Scotland will expand marginally faster during 1978 than in the UK as a whole, without taking into account the value added by North Sea oil production.